

1-1-2014

Bringing marketing into nonprofit organisations: A managerial nightmare!

Paul Chad

University of Wollongong, pchad@uow.edu.au

Elias Kyriazis

University of Wollongong, kelias@uow.edu.au

Judy M. Motion

University of New South Wales, jmotion@uow.edu.au

Follow this and additional works at: <https://ro.uow.edu.au/buspapers>



Part of the [Business Commons](#)

Recommended Citation

Chad, Paul; Kyriazis, Elias; and Motion, Judy M., "Bringing marketing into nonprofit organisations: A managerial nightmare!" (2014). *Faculty of Business - Papers (Archive)*. 572.
<https://ro.uow.edu.au/buspapers/572>

Bringing marketing into nonprofit organisations: A managerial nightmare!

Abstract

Many Boards and CEOs of nonprofit organisations face a dilemma in today's increasingly competitive market, that of introducing cultural change by forcing adoption of a market orientation to improve performance. The problem lies in that employees and managers misunderstand or have serious apprehensions towards marketing. In extreme cases, employees call it "going to the darkside". Via an in-depth case study, the tension-filled process by which management introduced market orientation into a charity is examined. The benefit of the paper is that it forewarns managers of what to expect regarding potential employee resistance. We identify and provide solutions for senior managers considering cultural change towards greater emphasis on marketing activities. The paper advances academic knowledge regarding use of market orientation in charities, with a unique contribution being examination of the change process, managerial experiences and reaction of employees.

Keywords

managerial, marketing, bringing, organisations, nonprofit, nightmare, into

Disciplines

Business

Publication Details

Chad, P., Kyriazis, E. & Motion, J. (2014). Bringing marketing into nonprofit organisations: A managerial nightmare!. *Australasian Marketing Journal*, 22 (4), 342-349.

Bringing Marketing Into Nonprofit Organisations: A Managerial Nightmare!

Dr Paul Chad

Dr Elias Kyriazis

Dr Judy Motion

Highlights

- Managers often underestimate the challenges of introducing market orientation
- Selling the need for change within nonprofit organisations is difficult, even for experienced managers as each organisation is unique
- Role changes for employees involve increased professionalism and accountability, coupled with introduction of a ‘new language’ – the language of business
- Charities can improve performance (both service delivery and revenue generation) via introducing market orientation
- Traditional employees mis-understand the nature of ‘marketing’, by selling the actual benefits of market orientation, employees will adapt and be positive to the change

ABSTRACT

Many Boards and CEOs of nonprofit organisations face a dilemma in today's increasingly competitive market, that of introducing cultural change by forcing adoption of a market orientation to improve performance. The problem lies in that employees and managers misunderstand or have serious apprehensions towards marketing. In extreme cases, employees call it "going to the darkside". Via an in-depth case study, the tension-filled process by which management introduced market orientation into a charity is examined. The benefit of the paper is that it forewarns managers of what to expect regarding potential employee resistance. We identify and provide solutions for senior managers considering cultural change towards greater emphasis on marketing activities. The paper advances academic knowledge regarding use of market orientation in charities, with a unique contribution being examination of the change process, managerial experiences and reaction of employees.

Key words

Marketing, market orientation, charity, nonprofit, non-profit, strategic orientation

1. Introduction

Marketing? Why? We do not need it! Marketing is what “*people who are in it for the money do!*” This is often the first reaction of many managers within nonprofit organisations (NPOs) and their employees when the word marketing is mentioned. This view is drawn from personal experience on the Board of a medium-sized NPO where the word marketing was deliberately replaced in all formal communication by the terms *communication* and *community relations* to allow any discussion of introducing marketing into the organization to progress due to the resistance it would otherwise face within the organization. This initial employee resistance is due partly to a basic misunderstanding of the marketing concept, where some people regard marketing as simply being the same as promotion, an unnecessary expense and waste of hard-earned revenue and donations that can be better utilised on service provision (Andreasen & Kotler, 2003). More importantly is the NPO employee ethos of helping the community that is at odds with the perception that for-profit organizations just help themselves.

However, to many NPOs currently facing “ever-increasing competition” (Levine & Zahradnik, 2012, p. 27) and struggling due to a lack of funds (Shields, 2009) accentuated by the global financial crisis, the marketing concept is now on the nonprofit Board Room agenda as a viable strategic approach towards improved financial and organizational performance. Of all the strategic orientations available to organisations, both for-profit or nonprofit, a market orientation is regarded as having the greatest influence upon organisational performance (Grinstein, 2008). With many examples of successful NPOs utilising such approaches and having developed into successful brands e.g., Greenpeace, Red Cross, Doctors Without Borders and Oxfam America, the pressure for NPO senior management to follow suit is considerable.

The purpose of this paper is thus to illustrate in-depth how one NPO dealt with a situation common to many NPOs who have realized that, unless they adopt marketing practices that increase revenue and improve service delivery to clients, the very existence of their organization may be at risk. The problem for top management is that the term “marketing” is so associated with the ruthlessness and focus on revenue at all costs approach of many for-profit organisations, hence the anti-thesis of NPOs and the motivation of many who work in them - which is to care for others. Being told that you have to embrace marketing practices of which you do not approve or understand is bound to result in significant tensions among employees and considerable resistance to this new managerial initiative. While “many of the tools and techniques commonly used in commercial marketing practice are indeed equally applicable to the nonprofit realm, the ethos that drives their application can be radically different” Sargeant (2005, p. 2). NPOs possess “unique organisational characteristics ... which make them different from their commercial counterparts” (Sullivan Mort, Weerawardena & Carnegie, 2003, p. 80), thus transfer of practices provides various challenges (Beck, Lengnick-Hall and Lengnick-Hall, 2008). Our case study is such an example and provides significant managerial learnings to guide managers in anticipating, dealing with, and addressing the inevitable push back likely from at least some employees within the organisation.

We examine in-depth, a charity named Beckworth (pseudonymed for confidentiality) that was operating at a significant loss, resulting in a major management change in 2005. The Board removed the then Chief Executive Officer (CEO) and most members of the existing senior management team also departed. A new CEO with marketing experience within the charity sector was recruited and brought with them a new senior management possessing business backgrounds. The goal of the new management was to reverse the financial problems and transform Beckworth from a traditional charity to a more market-oriented organisation to

compete in the current highly competitive climate. This is in keeping with market orientation having “emerged as a significant antecedent to performance” (Cano et al, 2004, p. 179). Indeed, based upon study of small and medium sized UK charities introducing market orientation to increase performance, Bennett (1998, p. 31) indicates that within charities ‘the importance of effective marketing is widely recognised’. The specific goals of the new management were to improve brand development by developing a marketing communications plan and developing new marketing materials, increase fundraising capability and effectiveness, develop a strong direct marketing capability, design innovative services that meet clients’ needs with a commitment to quality services, and increase the gathering and utilisation of marketing information.

We contribute to the literature in the following ways. The first is to provide legitimacy for top management wishing to introduce marketing practices and a market orientation into a nonprofit organisation. While market orientation has been extensively examined in the for-profit context, “it is a relatively new concept in the nonprofit and voluntary sector” (Shoham, Ruvio, Vigoda-Gadot and Schwabsky, 2006, pp. 454-455) and research is sparse (Modi and Mishra, 2010). Considering that adoption of a market orientation by charities is an attractive proposition to improve performance among the increased competition that charities currently face, we address this research gap and examine the experiences of managers and employees in successfully introducing a market orientation into their organization, something sparsely reported in the literature. Although various aspects of market orientation have been analysed, typically in for-profit contexts, “how organizations change to become more market oriented has received less attention” (Gebhardt Carpenter and Sherry Jr, 2006, p. 37) with Beverland and Lindgreen (2007, p. 430) even suggesting that market orientation literature “is silent on the process of change involved in moving firms to a market orientation”. We extend the

literature by examining the actual implementation in a nonprofit context – a worthwhile contribution given the important role the nonprofit sector plays in society.

Our second contribution is a managerial one. We focus on senior management overcoming employee resistance to the marketing concept, the tensions that occurred, and propose various managerial solutions to guide other managers facing similar organizational change issues. Therefore, we further contribute by progressing research into the manner in which market orientation is actually introduced into organisations. Specifically in relation to NPOs where “relatively little is known about reinvention strategies” (Durst and Newell, 2001, p. 443), our research further contributes by answering the comment that “research should assess how VNPOs can best build and maintain MO” (Shoham et al., 2006, p. 470).

The paper aims to further the literature regarding the overall introduction of market orientation, and expand our knowledge of the use of market orientation specifically within the nonprofit sector. The practical learnings from our paper can be utilised by senior management of existing charities (as well as for-profit managers contemplating moving into the nonprofit sector) to gain insights into appropriate methods to use to successfully introduce market orientation to improve organisational performance.

Our paper is structured as follows: First, we discuss the role and implications of applying the marketing concept to NPOs through the implementation of a market orientation. Second, we describe the research approach in detail and provide further details regarding the case study organization. Third, the subsequent findings and discussion are presented. Fourth, we provide our conclusions and implications for theory and practice.

2. Marketing and Nonprofit Organizations

The nonprofit sector plays a key role within society and often provides goods and services not available from for-profit organisations, and typically assists the dis-advantaged. The sector also plays a vital role within the overall economy as a large source of employment, for example, providing over 10% of employment within the US (Salamon and Sokolowski, 2006).

While managers “all too often ... underestimate the unique challenges of managing nonprofit organizations” (Silverman & Taliento 2006, p. 37), the relevance of the marketing concept to the nonprofit sector was first raised by Kotler and Levy (1969) who considered marketing involved sensitively servicing and satisfying human needs. The marketing concept can be defined as the “marketing management philosophy which holds that achieving organisational goals depends on knowing the needs and wants of target markets and delivering the desired satisfactions better than competitors” (Armstrong, Adam, Denize and Kotler, 2012, p. 582). Formulated “in the 1950s in the context of business firms” (Mukkerji, 2004, p. 9), the marketing concept is considered the main way for organisations to create satisfied customers and therefore should be the primary objective of organisations (Drucker, 1954; Levitt, 1960). The marketing concept is a business philosophy concerning how you should think about your relationship with customers, whereas *market orientation* is the *actual implementation* of this philosophy (Shapiro, 1988; Deshpande, Farley & Webster Jr, 1993; Kohli & Jaworski, 1990; Narver & Slater, 1990; Ruekert, 1992) through organizational processes that emphasize the customer, the importance of information, inter-functional coordination and taking action (Lafferty and Hult, 2001). Market orientation “is at the very heart of modern marketing” (Grinstein, 2008, p. 115).

Large amounts of research regarding market orientation have been conducted, typically concerning antecedents, moderators and consequences. It is generally regarded by researchers that market orientation leads to improved organizational performance (e.g. Baker

and Sinkula, 1999; Deshpande and Farley, 1998; Kirca, Jayachandran and Bearden, 2005; Shoham et al., 2005; Slater and Narver, 1994). Indeed, based upon examination of 15 years of published research, Shoham, Rose and Kropp (2005, p. 446), concluded the “MO-to-performance link is significant and robust”. The association of market orientation with organisational performance is considered global; with meta-analysis conducted by Cano, Carrillat and Jaramillo (2004) examining studies covering 23 countries across five continents finding the relationship between market orientation and organisational performance is positive and consistent worldwide. Most importantly, market orientation outweighs all other strategic orientations (Hult and Ketchen Jr, 2001; Grinstein, 2008). This is due to “the superior ability of market-oriented firms to understand markets” (Cano, Carrillat and Jaramillo, 2004, p. 192). In fact, two meta-analyses of available research have found that NPOs actually gain more benefit from introducing market orientation than their for-profit counterparts (Cano et al., 2004; Shoham et al., 2006).

Many organisational change efforts are unsuccessful (Elving, 2005). Managers who have recognized the potential of a market orientation have often met considerable barriers to its implementation - both systems and people based (Harris, 1996, 2002; Harris and Ogbonna, 1999, 2001; Harris and Piercy, 1999). Specifically in a small to medium organization (as are many NPOs), impediments to development of market orientation include narrowed domains, poor reward systems, formalised and structural barriers, ignorance of market orientation, limited resources, perceived inappropriateness, contentment with the current situation and a short term focus (Harris and Watkins, 1998). While barriers to development of a market orientation are well documented, little research has addressed exactly how a market orientation can successfully be introduced into an organization by managers (Kirca et al., 2005).

3. Research Approach

Our research examines organizational change, with a key issue being the before and after situations, the manner in which the change occurred, and its effect upon management and employees. We use a single “deep case study” (Dyer and Wilkins, 1991, p. 614) enabling greater analysis relative to multiple case studies (Gummesson, 2007) to address the key research questions (1) how did senior managers successfully introduce market orientation to the NPO and (2) How did employees respond to the new landscape? Single case studies are a recognised research approach within both NPO research (e.g. Beck et al., 2008) and market orientation research (e.g. Yakimova and Beverland, 2005).

3.1 Data Collection

Ethics approval was obtained from the University “Human Research Ethics Committee”. Semi-structured in-depth interviews utilising open-ended questions were conducted with management and employees from all levels and across all functional areas. All management and employees were invited to participate. Interviews were subsequently scheduled with management and employees interested in participating. It is important to note that the authors of this paper did not have either an employment or ex-employment relationship with the case study organisation thus minimising any opportunity for bias in the interpretation of the results. The interview protocol questions (available upon request) were based around Lafferty and Hult’s (2001) synthesis dimensions of market orientation and Foucault’s (1991, pp. 56-57) organizational change framework that looks at four key elements: displacement of boundaries; the new position and role of employees; the new mode of functioning of language and circulation of the new discourse. The “synthesis dimensions” of market orientation developed by Lafferty and Hult (2001) have been used as the theoretical

basis for this paper as they are based on the perspectives of various researchers including the seminal research of Kohli and Jaworski (1990) as well as Narver and Slater (1990), upon which existing nonprofit models are also based. Foucault's (1991, pp. 56-57) organizational change framework provides a convenient tool to examine the transformation of the discourse within the case organization. Following participants' consent, interviews were digitally recorded, with each interview lasting from thirty to seventy minutes. Interviewing of additional participants continued until saturation occurred (Yin, 1984). A total of 15 interviews were conducted. For consistency, the same researcher conducted all interviews. The interview recordings were subsequently professionally transcribed, checked by the researchers for transcribing accuracy, then checked with respondents to clarify any issues. Secondary data sources included organizational documents (e.g. annual reports, standard practice and procedure documents, staff handbooks), organizational and external internet sites, organizational newsletters brochures and other marketing collateral. These materials included both publicly accessible materials as well as confidential internal organizational documents made available by management.

3.2 Data Analysis

Thematic analysis of the interview transcripts was guided by recommendations offered by Patton (2002, see pp. 465-468) and Creswell (2003, see pp. 191-195) to assist the identification of emergent themes both within and across interviews. Transcripts were read and reviewed over a period of weeks to enable assimilation and contemplation of the data. Issues and topics were identified within individual employee transcriptions, then across transcriptions. Topics were subsequently abbreviated into codes and combined if considered similar. High-level themes were then developed from the coded data. Analysis of other

documents aided cross-data validation. The six “primary strategies” offered by Creswell (2003, p. 196) were utilised to assist research validity, namely data triangulation, member-checking to verify interview transcripts, with prolonged time in the field adding to the researcher’s understanding of the case organisation. Rich, thick description of results provided a shared experience to readers, peer debriefing and review with academic colleagues assisted clarification, expansion of perspective and auditing, hence assisting verification of process.

3.3 The Case Organisation

‘Beckworth’ was selected for case study as it was known that the organisation had attempted to introduce a market orientation in recent years although the level of success, indeed, if any, in introducing market orientation was unknown prior to conducting the research. Having been in operation for over sixty years, Beckworth is a charity organisation operating nationally within Australia and employs over 100 paid staff and 40 volunteers. Beckworth’s aim is to provide education and support services throughout Australia to children and adults with a specific medical condition (not specified in this paper to maintain anonymity). A secondary aim is to raise awareness within the community of the medical condition and provide advocacy/lobbying to government. A national office in Sydney (the capital of New South Wales, a State of Australia) plus regional offices enables Australia-wide coverage. With no government funding, Beckworth relies upon self-generated funds to operate, and typically raises funds via an outbound call centre where staff contact potential donors and lottery ticket purchasers. Beckworth was operating at a loss and during 2005 this resulted in the CEO and most of the senior management team leaving and being replaced by a new CEO who

possessed marketing experience within the charity sector. The new CEO recruited new senior management.

In the following results section, comments obtained from the employee interviews are indicated in *italics*.

4. Findings and Discussion

In this section we focus on the organizational change and highlight the challenges that management and employees faced coming to terms with the new organizational direction.

4.1 Introducing the new mode of operation – Selling the change

The CEO changed the operational boundaries of the organisation and introduced a market-oriented mode of operation that affected the role of employees. How did management successfully introduce the change and overcome the employee tensions?

While change is likely to be difficult in any organisation, it is perhaps more difficult when attempting to move from a traditional charity model of operation to a more businesslike and professional manner containing marketing techniques (in both service delivery and fund-raising) from the for-profit arena, while still maintaining a nonprofit ethos. A key issue identified during the research was the need by management to sell the change to appease and retain key, valued, existing employees. To gain this buy-in, management needed to constantly re-assure employees that despite the new businesslike and professional approach with introduction of various marketing activities, the underlying charity ethos of caring for clients

would continue, and that the net result would in fact be different, but improved service provision. As indicated by a long-serving employee, the change was *‘a real culture shock, there were a few resignations but the ones that are still here are just so impressed with the changes that have happened and are really appreciative of the fact that we can see the clients are benefiting from what's happened’*.

Selling the change was however, not easy, even for the new CEO and management team who had previous experience in introducing market orientation into other charities. There was an entrenched nature within Beckworth. As indicated by the new CEO – *‘the biggest thing facing me has actually been trying to bring some cultural change about in the organisation. Because I could see the need to do things but I couldn’t get the, you know, it has been a struggle to get the troops to see where we needed to go’*. Senior management ultimately sold the change via a range of communication activities. Regular communication occurred throughout the organisation and this was conducted via the newly introduced intranet, regular ‘action-tracking’ meetings for all employees, plus fortnightly management meetings. Given the relatively small size of Beckworth, with the majority of employees located on the one site, informal communication by the CEO was also utilised to complement the formal information dissemination. The management needed to be cognizant that many of the existing employees simply did not know about modern business and marketing activities. As indicated by the CEO – *‘I was actually doing little tutorials for a lot of the staff on what I meant by marketing and showing them a product development methodology ... all made perfect sense to me and a couple of other people but not to the bulk of staff’*. The fund-raising manager thought that the communication to employees had eventually succeeded - *‘I think the key, and I think we have done that reasonably well, is communicating the changes to staff before they are implemented, and if you communicate to people the change and you explain to*

them why you are doing it and what the benefit to the organisation is going to be [they will be in a better position to understand the rationale and more likely to accept the need for change]’.

While most charity employees are well-meaning and have the typical charity ethos of assisting clients, they often do not know that there are better ways of operating to make better use of scant resources and deliver even better services to clients. Traditional charities often lack appropriate levels of efficiency and resource usage, with employees lacking the type of skills needed when a more businesslike approach is introduced. This is problematic in the current competitive environment. A more professional approach to running the charity was taken by the new CEO. Management aimed to sell the benefits of the new way of operating, and provided upskilling for existing employees, but management were also not overly worried if some existing employees left if they did not relate to the new direction of the organisation.

4.2 Tension during the transformation - The CEO perspective

Beckworth has successfully moved from a low level of market orientation to a higher level. However, this change in mode of operation was not achieved smoothly. Given the poor existing financial position, the new CEO and senior management introduced a higher level of market orientation quickly and aimed to ‘sell’ the transformation to the employees on the basis that change was essential in order for Beckworth to survive. The rapid introduction resulted in a lot of change and angst among employees, with the CEO indicating that instituting the change was:

tough, tough, tough. We had high staff turnover, we had some people, and they were the minority, who saw the absolute sense of it and almost did the aaaaah, about time, about time that somebody started to do something about this, and we had the people

who just wouldn't move, and there was a range, from couldn't see the sense, couldn't understand, through to downright resistance. So it has been really hard, really, really hard getting that change.

The new management took a determined stance and steadfastly introduced the higher level of market orientation, mindful that some existing employees would dislike the changes. This stance was regarded as a necessity for Beckworth to survive in what was regarded by the CEO as '*a very competitive market*'. The CEO's insistence on the change, and the nature of the changes introduced, was based on the CEO's underlying view that marketing practices utilised by many successful charities '*come from the profit world and have made absolute sense in the nonprofit environment*'.

4.3 Tension during the transformation – Senior management perspective

The new senior management team were handpicked by the new CEO and possessed a similar view to the CEO regarding the need to change. As indicated by a senior manager:

the organisation had a lot of staff that probably weren't suitable for the roles they were in ... however, being a not-for-profit organisation, and it is not a commercial enterprise, it is a lot harder to, I guess, move people along, you know, performance manage people, it is a tougher environment to do that in, there is a bit more compassion than in a commercial organisation, but eventually most of them didn't feel that they fitted in with the new culture and eventually found other jobs.

4.4 Tension during the transformation – Role changes for employees

The introduction of a more market-oriented mode of operation resulted in profound changes for existing employees. The key differences between the 'old' and the 'new' Beckworth were perceived by service providers to be increased professionalism, accountability, policy, structure and a greater revenue focus. A typical comment from service providers being that the '*differences would have to be professionalism, the services that we are providing to [service recipient] clients now, our accountability on record keeping, documentation. Just the whole thing, it has all come together now*'.

The increased professionalism and practice changes resulted in existing employees gaining new roles, new job requirements, responsibilities and ways of operating. Employees can view the issue of change from differing perspectives. One is a very personal perspective regarding 'how does it affect me' while the second is a more organisational perspective of 'how will it affect the organisation' and a third perspective is 'how will it affect our clients'. Thus, even though some employees may see the benefit of change for the organisation and clients, they may still be sceptical and apprehensive about how the change may directly affect their own personal position.

The change introduced by management, in itself caused tension for employees. For the service providers - '*it was pretty unsettling, over that time, some service providers stayed and some left. It has meant them moving to a new ... mindset as well, because I think often with the old style of not-for-profit, there is an all care but no responsibility*'. Likewise, in the fund-raising section some existing employees queried the new changes. For example, as indicated by a manager in the fund-raising section:

there was an uproar from older staff when we suggested that we wanted to mail donation requests to the lottery buyers and service recipient clients, we were going to actually ask the service recipient clients for a donation! I thought we were going to be

lynched ... we did ask for donations and we got a really good response and it sort of turned the older staff around.

The older fund-raising employees were set in their ways and entrenched in their traditional manner of interacting with lottery ticket purchasers. The newer employees with either new, or less entrenched views were not locked into the old mode of operating and perceived donor clients differently than did the older employees.

Getting used to the new discourse created issues, even for the employees who stayed and were in favour of the changes. As indicated by a middle manager - *'It was a very challenging time, I am the last remaining manager from the original group. At the point when we got a new CEO, they came from a services marketing perspective, I come from an acute care nursing perspective, I had never been exposed to that before, so it is a completely new concept and the language, it was like a foreign language'*. The speed of change also affected employees, exacerbated by some newly introduced practices not being fully thought-out, with need for re-development, resulting in more tension - *'they put in a type of method to do that, and, oh, that's not really working, so withdraw that and then put in something else'*.

A key source of tension was the newly required level of professionalism and businesslike way of operating. This required an increased level of documentation and record keeping, particularly among service providers who were *'complaining about the amount of paper work and documentation that they had to do, because they actually weren't used to doing it ... they would actually refuse to do it or do it very badly'*. An additional source of tension, that was associated to this new level of required professionalism, was the increased level of accountability, which caused issues for numerous employees. As indicated by a senior manager - *'anything around accountability is going to be difficult for some staff and it has been here and that has been probably the major trigger for people moving on, having to be accountable'*.

Overall, during the introduction of increased market orientation into Beckworth, there were varying levels of uneasiness among staff. While some staff left, other longer-serving staff who *'were a little bit apprehensive'* tended to ultimately embrace the change. Generally, the changes introduced were regarded as needed and positive, with a service provider commenting that *'I don't know any changes that I don't like!'* and *'I think we needed the change. It's probably impacted on my job description a lot but I think the organisation needed the changes'*. Similarly – *'I think we needed to move on a bit ... this place was an old style charity and it just needed to get with the times'*. Any new service providers recruited tended to possess professional qualifications (registered nurses and teachers) and were thus more familiar with and comfortable with the new mode of operation.

4.5 A new language

A change in language occurred within Beckworth, which the CEO regarded as the language of marketing/business. The new language did cause problems, with the CEO commenting that-

we were talking a different language and some of the staff who have remained ... have now "seen the light" and actually say, well, "we didn't even understand what you were talking about" ... there was a whole new language ... I came here talking about needing to see our services as products and really needing to understand our markets, even those simple words, didn't mean anything to the people here.

Not only was there evidence of new language being introduced, but also new meanings evolved for existing words. As commented by a service provider - ‘

I ended up writing a ten page glossary every time I had heard something, I actually asked them what do you mean by that because we would be saying the same words and we would have completely different meanings to it and that made it difficult to actually understand. That wasn't just myself; it was most of the department with that acute nursing background who had not had any previous exposure to service marketing or any marketing concept.

4.6 Boundary displacement – Identification of the new mode of operation

As indicated above, a higher level of market orientation has occurred. Analysis of the data has identified sound evidence that all four of the key dimensions of market orientation (Lafferty & Hult, 2001) now exist within Beckworth's new mode of operations. This is summarised in Table 1. The increase in market orientation has enabled a more tailored and relevant range of services to be developed for service recipient clients and more effective targeting of donor clients.

[Table 1 Here]

As indicated by a senior manager, Beckworth are '*now much more client focussed as opposed to being organisationally focussed ... there has been a real shift for the organisation to being very externally focussed, as opposed to internal*'. Previously, Beckworth '*wasn't geared up to even capture data it required*', thus steps were taken to improve data gathering, including

regular service quality surveys to better identify customer needs. The information gathered regarding service delivery is pro-actively utilised to identify *'the gaps within the services ... and then planning services around that'*.

Prior to 2005, Beckworth was somewhat departmentalised - *'it had the typical silo's ... there was collaboration but it wasn't smooth'*. Communication and dissemination of information were regarded as poor - *'we did a staff survey in 2005 and out of there was, in glowing lights, that there was no internal communications'*. A structure enabling "cross-functional communication, effective decision making, collaboration, teamwork, and support" (Packard, 2010, p. 982) is regarded as a key to assisting employees achieve their outcomes. This was instituted within Beckworth. The general consensus now regarding communication among employees is that *'there is a lot of communication now. There wasn't before. There have been a lot of big changes'*.

Beckworth's approach to taking action and delivering services to both service recipient clients and donor clients has changed significantly. In regards to service recipient clients, Beckworth introduced well-established services marketing practices from the commercial arena to improve service design and consistency of delivery. As commented by a middle manager – *'one of the first things the CEO did was they recruited professional service providers and made a point of prioritising client services'*. Thus, a more professional approach was taken to operations within Beckworth. Existing products were reviewed, streamlined and modernised - *'the service itself was almost sort of dismantled'* - resulting in introduction of new service delivery methods. As commented by a newly recruited senior manager - *'when we first came here we had no service recipient client files, no history, no nothing, no statistics. So we implemented all those things, we've got service models designed and developed now ... there's consistency across Australia'*. The new service delivery could be summed up by a service provider commenting that - *'we have actually put [in place]*

formal processes in documenting needs assessment, individual service plans and measuring outcomes and being able to articulate what services we deliver, how we deliver them, in what time frame and what the expected outcomes are'. New products were introduced including education and training sessions with these being a fee for service product. Basic aspects such as standard practices and procedures were written and implemented (growing from nil to over sixty). Overall, the service delivery is now regarded as more professional with more qualified service providers (via recruitment of new employees and training of existing employees) and *'everything is being documented, it is accountable, and it's professional'*.

Practices within the fund-raising section also changed and were totally revamped utilising numerous marketing practices common within the for-profit arena. Management of Beckworth, which has traditionally relied upon lottery ticket sales and donations, chose to develop these activities. The overall strategy was based on the fund-raising manager's view that *'charities that do particularly well in fund-raising are the ones that have taken commercial models and adopted them, adapted them to their need'*. Beckworth subsequently updated the technology in their call-centre to increase calling efficiency and introduced a more competitive sales atmosphere among fund-raising employees. As indicated by the fund-raising manager:

the previous call centre manager was no, no, no, my staff are all going to leave, they are going to get angry, we can't do it. Anyway, I have got a new call centre manager ... we went ahead with it ... and if anything, I have only seen positive things come out of it ... we really want this to be a competitive sales driven environment ... younger staff, younger male staff, they are into it, it is competition!'

Since implementation, productivity has doubled and revenue has increased by over 80%, with an existing employee commenting that it's *'been really successful and it's good for*

the charity'. Donor contact was under-pinned by relationship marketing, a key to successful revenue generation (Waters, 2011) as was modelled by Beckworth upon practices from the commercial world. Utilising data-mining of their newly established database of donor clients, *'recency, frequency, monetary (RFM) which is commonly used in the direct marketing industry'* assisted Beckworth determine individual donors' donation patterns and identify donors with high 'life time value' donation potential. Segmentation and targeting enabled more customised, specific and personalised contacts (written and verbal), often using revamped direct marketing materials that now include *'all sorts of funky stuff'*.

5. Conclusion

The case study in this paper examines in detail how an organisation has been able to successfully conduct organisational change - the successful introduction of market orientation into a charity resulting in improved organizational performance. To frame our research in a meaningful way we utilised Foucault's (1991, pp. 56-57) organizational change framework as it effectively captures the dominant issues associated with such change. Indeed, at least three key themes that we identified in the data directly reflect Foucault's framework, being operational boundary displacement, role changes for employees, and usage of new language. Key changes introduced into Beckworth included employment of new senior management possessing business and marketing backgrounds, upskilling of existing employees and employment of trained professionals for roles previously undertaken by less skilled employees. The more skilled workforce was subsequently in a position to review and revamp the overall operations including products offered and service delivery methods to both

recipient clients as well as donor clients – using models adopted from the for-profit arena. The new organization was characterised by much stronger information gathering and analysis processes, standard practices and procedures for delivery of the revised product offerings, plus accountability. The new mode of operation resulted in more efficient and more appropriate services for clients, financed by the dramatic increase in revenue (80% within five years) obtained via use of direct marketing methods typically utilised within the for-profit sector. Change will not magically occur, there needs to firstly be recognition that change is required. Secondly, capabilities of managing change need to be taken into account (Rogers, 2004) when developing and implementing change programs. The organization needs to have the skills to conduct the change – or hire new senior management who have the skills – as was required within Beckworth. Changes that a new leader makes “can have profound impacts” on NPOs (Balser and Carmin, 2009, p. 185). This is certainly the case with Beckworth. The change in Beckworth operation is typical of a trend for charities to become more businesslike in an effort to survive (Jones, 2010; Polonsky, 2003; Polonsky and Grau, 2008). A hard-edged business perspective and revamping of operations both in service delivery and fund-raising was taken to assist long-term viability of the organisation.

The first research question within this research was - How did senior managers successfully introduce market orientation to improve the organizational performance? The executive leadership plays a crucial role in the success of NPOs (Froelich, McKee and Rathge, 2011; Perkins and Fields, 2010). While the new CEO and senior management team did have previous experience introducing a market orientation into charities, each organization is subtly different, thus the change needed to be customized specifically for Beckworth. Knowledge of the four dimensions of market orientation assists management to firstly review existing operations and determine what changes are required. Changes relate to products offered, service delivery and revenue raising practices. The changes are both system

and culturally related. Realistically, the system changes are not complex, and are regarded as somewhat standard within the for-profit sector, but are unfamiliar to traditional charity employees. Management needs to provide employees with appropriate training in the new systems of operation.

Communication is vital during organisational change programs (Lewis 1999) and from a culture perspective, management needs to “sell” the benefits of the change to employees. Management need to recognize that NPO employees may be motivated by differing factors than for-profit employees (Schepers et al., 2005) and that NPO employees are interested in work that has a significant impact on society and feel that their job enables them to reach personally meaningful outcomes (De Cooman, De Geiter, Pepermans and Jegers, 2011). By understanding the drivers of NPO employees, management can sell the change by convincing these employees that the change will, indeed, benefit clients even moreso than the current mode of operation. This is in keeping with the view of Balser and Carmin (2009, p. 198) that “leaders should work to acknowledge and address core beliefs and values as they develop new policies and practices” more appropriate to the current environment.

The second research question was how do employees respond to the new landscape. Having legitimate authority is crucial in “creation and realization of new strategies” (Jäger and Kreutzer, 2011, p. 1020) and this authority was used by the CEO to push through the changes – that were ultimately accepted and appreciated by the employees. A supportive and participative leadership style is regarded as assisting the implementation of a market-oriented culture (Harris and Ogbonna, 2001) and the new CEO utilised such a style by offering ongoing involvement in communicating with employees. However, a key issue identified was the fact that despite the CEO having had previous experience in managing introduction of market orientation within NPOs, the CEO actually under-estimated the level of misunderstanding of marketing within Beckworth, and needed to sell the idea moreso than in

previous organisations. Like all change, employees may have a fear of the unknown.

Management need to recognize that moving a charity to a more businesslike and market-oriented orientation requires “a quantum leap to take place” (Goerke, 2003, p. 317) and is a major revolutionary change rather than a minor evolutionary change. Management should thus not under-estimate the effect of the change upon employee work practices. By selling the benefits of the change, and providing employees with the appropriate skills to operate in the new climate, the majority of employees will respond positively. It does however need to be accepted by management that some employees will however leave the charity.

This study examined the experiences of management and employees when market orientation was introduced into one charity operating within one country. The single case study offers more in-depth information than multiple case studies for the same amount of resources utilised (Gummesson, 2007), however, over time there is potential to conduct further case study examination of more charities as well as in a range of locations that could offer greater insight into the research area. Interviews for this study were restricted to current employees within the case study charity. While other data sources assisted triangulation, past employees were not interviewed and may have been useful in offering additional insight, either verifying or contradicting comments gathered from current employees. The study examined the level of market orientation within the organisation. Whilst market orientation has been shown to have the greatest influence upon organisational performance relative to other strategic orientations (Grinstein, 2008), it is possible that various levels of other strategic orientations may have been present within the organisation. Future market orientation research should seek to identify possible levels of other strategic orientation within organisations and the nature of interaction between these various strategic orientations.

6. Implications for theory and practice

This study aims to expand our empirical understanding of whether, and how a high level of market orientation can be introduced successfully into charity organisations. We provide support for the use of market orientation within charities. The research demonstrates that introduction of market orientation into a charity will assist in improving organisational performance. The result was a charity transformed from a “traditional charity” to a more businesslike and market-oriented operation. Despite a reduction in employee numbers, improved performance occurred. This was based upon streamlined, but more efficient service delivery by more professional service providers, and higher levels of revenue generation from more efficient sales people operating in a call centre utilising cutting-edge direct marketing principles first developed in the for-profit arena. However, to achieve change, management should not underestimate the underlying charity ethos that pervades existing employees within charity organisations. There was a need for management to assure employees that the new mode of operation would in fact improve service delivery.

Via case study of the experiences of a charity, the paper advances academic and practitioner knowledge regarding how market orientation can successfully be introduced into the charity arena. Implications for marketing practice are that the study backs up the statements of numerous academics (e.g. Barrett, Balloun and Weinstein, 2005; Kara, Spillan and DeShields Jr., 2004; Wood, Bhuian and Kiecker, 2000) that marketing practices originating and developed within the for-profit sector can also be utilised in the NFP sector. However, the research also underlines the fact that the transfer of marketing practices does not occur smoothly. Existing employees need to be “sold” on the new, more businesslike and professional mode of operation, and also need to be trained in the new mode of operation. Some existing employees are likely to resign as they refuse to accept the change. Any new employees will often come from the for-profit arena and typically have strong service

delivery and/or marketing skills and thus be different to the traditional charity employee previously employed. The word “marketing” is mis-understood among many existing charity employees – *‘people still don’t even really know what marketing is, and they think it is promotion’*. There needs to be education among charity employees regarding the exact nature of marketing, and the benefits. Marketing is not simply promotion – marketing for charities involves assessing client needs, subsequently developing appropriate goods and services, then delivering these in an efficient and consistent manner – as well as generating revenue (typically via donations) to pay for the cost of service delivery. A long serving Beckworth employee commented – *‘if you had asked me three years ago, I would have looked at you as if “what are you talking about?” because I didn’t see that there was a role for marketing in service recipient client interaction’*. This view has now changed within Beckworth – *‘I think they have come around to it and I think an organization really can’t survive without it’*.

To be successful into the future, charities need to change their way of operation, and become more market-oriented. However, managers at all levels of the organisation as well as employees need to be appreciative of the benefits of marketing and a market orientation, and know how to introduce such an orientation. This paper provides a strong example from which managers can learn exactly how to utilise change management to introduce market orientation – the major strategic orientation associated with providing improved organisational performance.

REFERENCES

Andreasen AR and Kotler P (2003) *Strategic marketing for nonprofit organisations* (6th ed.). Upper Saddle Creek, NJ: Prentice Hall.

Armstrong G, Adam S, Denize S and Kotler, P (2012) *Principles of marketing* (5th ed.).

Frenchs Forest: Pearson.

Baker WE and Sinkula JM (1999) Learning orientation, market orientation, and innovation:

Integrating and extending models of organisational performance. *Journal of Market Focused Management* 4: 295-308.

Balser DB and Carmin J (2009) Leadership succession and the emergence of an

organizational identity threat. *Nonprofit Management & Leadership*, 20: 185-201.

Barrett H, Balloun J and Weinstein A (2005) Success factors for organisational performance:

Comparing business services, health care, and education. *SAM Advanced Management Journal* 70(4): 16-28.

Beck TE, Lengnick-Hall CA and Lengnick-Hall ML (2008) Solutions out of context:

Examining the transfer of business concepts to nonprofit organizations. *Nonprofit Management & Leadership*, 19: 153-171.

Bennett R (1998) Market Orientation Among Small to Medium Sized UK Charitable

Organisations: Implications For Fundraising Performance. *Journal of Nonprofit and Public Sector Marketing* 6(1): 31-45.

Beverland M and Lindgreen A (2007) Implementing market orientation in industrial firms: A

multiple case study. *Industrial Marketing Management* 36: 430-442.

Cano CR, Carillat FA and Jaramillo, F (2004) A meta-analysis of the relationship between

market orientation and business performance: Evidence from five continents.

International Journal of Research in Marketing 21: 179-200.

Creswell J (2003) *Research design: Qualitative, quantitative, and mixed methods approaches*

(2nd ed.). Thousand Oaks, CA: Sage.

- De Cooman R, De Geiter S, Pepermans R and Jegers, M. (2011) A cross-sector comparison of motivation-related concepts in for-profit and not-for-profit service organizations. *Nonprofit & Voluntary Sector Quarterly* 40: 296-317.
- Deshpande R and Farley, JU (1998) Measuring market orientation: Generalisation and synthesis. *Journal of Market Focused Management* 2: 213-232.
- Deshpande R, Farley JU and Webster Jr FE (1993) Corporate culture, customer orientation and innovativeness in Japanese firms: A quadrad analysis. *Journal of Marketing* 57: 23-37.
- Drucker PF (1954) *The Practice of Management*. New York, NY: Perennial Library.
- Durst SL and Newell C (2001) The who, why, and how of reinvention in nonprofit organizations. *Nonprofit Management & Leadership* 11: 443-457.
- Dyer WG and Wilkins AL (1991) Better stories, not better constructs, to generate better theory: A rejoinder to Eisenhardt. *The Academy of Management Review* 16: 613-619.
- Elving WJL (2005) The Role of Communication in Organisational Change, *Corporate Communications: An International Journal* 10(2): 129-138.
- Foucault M (1991) Politics and the study of discourse. In: G. Burchell, C. Gordon, P. Miller (Eds.), *The Foucault effect - Studies in governmentality, with two lectures by and an interview with Michael Foucault* (pp. 53-72). Chicago, IL: University of Chicago.
- Froelich K, McKee G and Rathge R (2011) Succession planning in nonprofit organizations. *Nonprofit Management & Leadership* 22: 3-20.

- Gebhardt G, Carpenter G and Sherry Jr J (2006) Creating a market orientation: A longitudinal, multifirm, grounded analysis of cultural transformation. *Journal of Marketing* 70 (4) : 37-55.
- Goerke J (2003) Taking the quantum leap: Nonprofits are now in business. An Australian perspective. *International Journal of Nonprofit and Voluntary Sector Marketing* 8: 317-327.
- Grinstein A (2008) The relationships between market orientation and alternative strategic orientations. *European Journal of Marketing* 42: 115-134.
- Gummesson E (2007) Case Study Research. In B. Gustavsson (Ed.), *The principles of knowledge creation methods*. Cheltenham: Edward Elgar.
- Harris LC (1996) Cultural obstacles to market orientation. *Journal of Marketing Practice* 2(4): 36-52.
- Harris LC and Ogbonna E (1999) Developing a market oriented culture: A critical evaluation. *Journal of Management Studies* 36: 177-196.
- Harris LC and Ogbonna E (2001) Leadership style and market orientation: An empirical study. *European Journal of Marketing* 35: 744-764.
- Harris LC and Piercy N (1999) Management behaviour and barriers to market orientation in retailing companies. *The Journal of Services Marketing* 13: 113-131.
- Harris LC and Watkins P (1998) The impediments to developing a market orientation: An exploratory study of small UK hotels. *International Journal of Contemporary Hospitality Management* 10(6): 221-226.

- Hult G and Ketchen Jr D (2001) Does market orientation matter? A test of the relationship between positional advantage and performance. *Strategic Management Journal* 22: 899-906.
- Jäger U and Kreutzer K (2011) Strategy's negotiability, reasonability, and comprehensibility: A case study of how central strategists legitimize and realize strategies without formal authority. *Nonprofit & Voluntary Sector Quarterly* 40: 1020-1047.
- Jaworski BJ and Kohli AK (1993). Market Orientation: Antecedents and Consequences. *Journal of Marketing* 57(July): 53-70.
- Jones R (2010) Non-profit Steward. *Management Today* Jan/Feb: 31-32.
- Kara A, Spillan JE and DeShields Jr OW (2004) An empirical investigation of the link between market orientation and business performance in non-profit service providers. *Journal of Marketing Theory and Practice* 12(2): 59-72.
- Kirca A, Jayachandran S and Bearden W (2005) Market orientation: A meta-analytic review and assessment of its antecedents and impact on performance. *Journal of Marketing* 69 (April): 24-41.
- Kohli AK and Jaworski BJ (1990) Market orientation: The construct, research propositions, and managerial constructs. *Journal of Marketing* 54(2): 1-18.
- Kotler P and Levy SJ (1969) Broadening the concept of marketing. *Journal of Marketing* 33(1): 10-15.
- Lafferty BA and Hult GTM (2001) A synthesis of contemporary market orientation perspectives. *European Journal of Marketing* 35: 92-109.

- Lewis LK (1999) Disseminating information and soliciting input during planned organisational change: Implementers' targets, sources, and channels for communicating. *Management Communication Quarterly* 13(1): 43-75.
- Levine H and Zahradnik A (2012) Online media, market orientation, and financial performance in nonprofits. *Journal of Nonprofit & Public Sector Marketing* 24: 26-42.
- Levitt T (1960) Marketing myopia. *Harvard Business Review* 38(4): 45-56.
- Modi P and Mishra D (2010) Conceptualising market orientation in non-profit organisations: Definition, performance, and preliminary construction of a scale. *Journal of Marketing Management* 5: 548-569.
- Mukkerji G (2004) *Introduction to social marketing*. New Delhi: India Research Press.
- Narver JC and Slater SF (1990). The effect of a market orientation on business profitability. *Journal of Marketing* 54(4): 20-35.
- Packard T (2010) Staff perceptions of variables affecting performance in human service organizations. *Nonprofit & Voluntary Sector Quarterly* 39: 971-990.
- Patton M (2002) *Qualitative research & evaluation methods* (3rd ed.). Thousand Oaks, CA: Sage.
- Perkins DC and Fields D (2010) Top management team diversity and performance of Christian churches. *Nonprofit & Voluntary Sector Quarterly* 39: 825-843.
- Polonsky M (2003) Who receives the most help: The most needy or those with the best marketers? *International Journal of Nonprofit and Voluntary Sector Marketing* 8: 302-304.

- Polonsky M and Grau S (2008) Evaluating the social value of charitable organizations: A conceptual foundation. *Journal of Macromarketing* 28: 130-140.
- Rogers M (2004) Capabilities for sustainable business success. *Australian Journal of Management* 29(1): 21-25.
- Ruekert RW (1992) Developing a market orientation: An organisational strategy perspective. *International Journal of Research in Marketing* 9: 225-245.
- Salamon LM and Sokolowski SW (2006) Employment in America's charities: A profile. Retrieved from http://admcf.com/jhu/pdfs/NED_Bulletins/National/NEW_Bulletin26_EmplyinAmericasCharities_2006.pdf
- Sargeant A (2005) *Marketing management for nonprofit organizations* (2nd ed.). Oxford: Oxford University Press.
- Schepers C, De Gieter S, Pepermans R, Du Bois C, Caers R and Jegers, M. (2005) How are employees of the nonprofit sector motivated? A research need. *Nonprofit Management & Leadership* 16: 191-208.
- Shapiro B (1988) What the hell is 'market oriented'? *Harvard Business Review* 66(6): 119-125.
- Shields PO (2009) Young adult volunteers: Recruitment appeals and other marketing considerations. *Journal of Nonprofit and Public Sector Marketing* 21: 139-159.
- Shoham A, Rose GM and Kropp F (2005) Market Orientation and Performance: A Meta Analysis. *Marketing Intelligence and Planning* 23: 435-454.

- Shoham A, Ruvio A, Vigoda-Gadot E and Schwabsky N (2006) Market orientations in the nonprofit and voluntary sector: A meta-analysis of their relationships with organizational performance. *Nonprofit and Voluntary Sector Quarterly* 35: 453-476.
- Silverman L and Taliento L (2006) What business execs don't know - But should - About nonprofits. *Stanford Social Innovation Review* Summer: 37-43.
<http://www.ssireview.org>.
- Slater SF and Narver JC (1994) Market orientation, customer value, and superior performance. *Business Horizons* 37(2): 22-28.
- Sullivan Mort G, Weerawardena J and Carnegie K (2003) Social entrepreneurship: Towards conceptualisation. *International Journal of Non Profit and Voluntary Sector Marketing* 8: 76-88.
- Waters R (2011) Increasing fundraising efficiency through evaluation: Applying communication theory to the nonprofit organization - donor relationship. *Nonprofit & Voluntary Sector Quarterly* 40: 458-475.
- Wood V, Bhuian S and Kiecker P (2000) Market orientation and organisational performance in not-for-profit hospitals. *Journal of Business Research* 48: 213-226.
- Yakimova R and Beverland M (2005) The brand-supportive firm: An explanation of organisational drivers of brand updating. *Journal of Brand Management* 12: 445-460.
- Yin, RK (1984), *Case Study Research*. Beverley Hills, CA: Sage.